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DIRECTORATE OF  
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# *Central Intelligence Bulletin*

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## *NOTES*

NIGERIA: Political negotiations.

CHILE: Labor problems.



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\*Vietnam: (Information as of 4:30 AM EST)

The Military Situation in South Vietnam: US units participating in Operation THAYER II, report only light contact with the enemy as they continue to sweep the area of operations in Binh Dinh Province, 37 miles northwest of Qui Nhon.

Enemy casualties as the result of the weekend's fighting stand at 131 killed and three captured. The enemy unit--a battalion of the 18th NVA Regiment--appears to have largely disengaged from the fight. Friendly losses in this operation stand at 34 killed, 81 wounded, and one missing.

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France-USSR: French Foreign Ministry sources say the major accomplishment of the Kosygin visit was the establishment of a framework for economic cooperation.

During the visit, the two countries established a high-level commission to coordinate economic, scientific and technical cooperation and to organize groups to study specific problems. De Gaulle hopes that this multiplicity of contacts will forward his goal of detente in Europe.

France's willingness to press for bilateral economic ties could lead to more problems with its allies. Foreign Ministry officials have indicated that the government is considering whether to remain in COCOM, the Western committee for coordinating policy on the sale of strategic items to Communist countries.

There has been some criticism in the French press of the government's policy toward the USSR. The government has been accused of acting as if the European Economic Community did not exist. This presumably is a reference to the fact that bilateral arrangements might undercut Common Market treaty provisions for the eventual development of a common commercial policy. [REDACTED]

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Egypt-USSR: President Nasir claims that Egypt will be able to meet its current wheat requirements with the help of the USSR.

He told the Canadian ambassador on 11 December that Moscow had agreed to ship some of the 850,000 tons Egypt needs through mid-1967, and to lend Egypt the foreign exchange to purchase the balance through commercial channels. [REDACTED]

A Soviet commitment of this nature would be a significant departure for Moscow, which has not been open-handed in helping to relieve Egypt's food shortage. The Soviets had encouraged Nasir to seek assistance elsewhere, and some Soviet officials have even encouraged the US to continue PL-480 aid to Cairo. The excellent Soviet harvest this year enables the USSR to export wheat.

Soviet assistance to Egypt in this field could bring more pressure on Moscow from India and other countries that are also seeking grain. [REDACTED]

Iraq: The Kurdish rebels are seeking new sources of support in their long struggle against the Iraqi Government.

Iran, which had long supported them, cut off most of its help last summer when the Kurds agreed to an armistice with Baghdad. Last week, [redacted] an emissary of Kurdish rebel chief-tain Mulla Mustafa Barzani arrived in Amman with a plea for funds. Barzani claims that the situation in Kurdistan is so desperate that he is considering decamping for Europe.

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[redacted]

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The Shah is [redacted] eager to establish friendly relations with the Iraqi Government, and wants to avoid giving Barzani any real encouragement.

[redacted]

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The Iraqi regime, meanwhile, is moving very slowly in its promised rehabilitation of the Kurdish areas. Should the crisis involving the Iraqi Petroleum Company seriously deplete Iraqi finances, funds earmarked for Kurdish development would probably be the first to suffer.

[redacted]

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Nigeria: British troubleshooter Malcolm MacDonald's talks with Supreme Commander Gowon and Eastern military governor Ojukwu have not brought the two appreciably closer to agreement. Ojukwu continues to make demands unacceptable to Gowon, but MacDonald is trying to draft a compromise statement which would make a meeting of the two possible. Both Ojukwu and Gowon agreed that if a compromise is not reached in the next few weeks, it might be too late to preserve any form of Nigerian unity.

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Chile: The strike of public health workers is continuing into its third week, with the government apparently determined not to exceed its offer of a 20-percent wage increase. Soldiers are stationed at all major points.

Mediation efforts have so far been fruitless.

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